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Activities of the Joint Inspection Unit of relevance to the United Nations Children's Fund

Note by the Secretariat

Summary

This document provides information on reports prepared by the Joint Inspection Unit (JIU) during the period September 2004 through September 2005 that are of specific relevance to UNICEF, which have not yet been considered by the Executive Board. The document presents UNICEF action taken and views held on the issues raised by the inspectors.

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I. Overview

1. Reports of the JIU are submitted to the Executive Heads of the organizations concerned, who then act upon them, as appropriate, and report to their relevant Executive Boards. The present document provides information on JIU reports issued from September 2004 through September 2005 that are considered relevant to the administration and management of UNICEF, together with comments regarding the conclusions and recommendations contained therein, and a summary of actions undertaken.

2. Since the previous report (E/ICEF/2005/4), UNICEF has continued its dialogue with JIU on issues presented in the reports and on follow-up. This dialogue and interaction on issues of common interest have increased the relevance of the reports, improved implementation of recommendations and enhanced transparency. There is active coordination among members of the Executive Committee of the United Nations Development Group (UNDG), and with the members of the Chief Executives Board for Coordination (CEB), to ensure consistency and coherence in the handling of JIU reports for maximum benefit.

II. Reports submitted by the JIU of direct interest to UNICEF

3. Since the previous report was submitted to the Executive Board at the first regular session of 2005, JIU has issued several reports of interest to UNICEF. The comments, observations and follow-up notes of UNICEF are summarized below.

A. "Procurement practices within the United Nations system" (JIU/REP/2004/9)

4. The JIU report presents a system-wide analysis of the status of procurement services and practices within the organizations of the United Nations system, with a focus on the strategic issues that are most likely to influence the cost-effectiveness and reform of the procurement process in that system. On this basis, the report identifies various avenues for increasing procurement efficiency and effectiveness and makes a number of recommendations to enhance productivity; to improve inter-agency cooperation and coordination, including the sharing of information and best practices; and to make better use of technological innovations.

5. UNICEF acknowledges that the report deals with a complex array of practices and experiences. UNICEF has provided its comments to the JIU and has also participated in and contributed to the twenty-ninth meeting of the Inter-Agency Procurement Working Group (IAPWG), which made detailed comments on the draft report, many of which were incorporated in the final report.

6. The report recommends that the IAPWG adopt and implement the concept of a lead agency and promote a division of labour among the organizations aimed at further rationalization of procurement practices by its members. UNICEF warmly supports the lead agency concept and works closely with other agencies, including the United Nations Development Programme (UNDP), the World Food Programme (WFP), and the United Nations Office for Project Services (UNOPS), so that

common agreements are used where possible, such as those for satellite communication equipment. Many procurement agreements established by UNICEF are available to all interested facilities in the United Nations system.

7. The report recommends that Executive Heads should ensure that their procurement services have adequate and timely legal support, and that some of their existing staff receive training in the legal aspects of procurement. UNICEF concurs that it is desirable to have staff with a legal background. The required skills can be augmented through well-designed training activities.

8. UNICEF, in collaboration with several other United Nations agencies (the Inter-Agency Procurement Services Office (IAPSO), the Training Centre in Turin, Italy, UNDP, UNOPS), has agreed to a revised Common Procurement Training initiative for the United Nations. The basic training will be complemented with advanced training courses in such areas as legal issues, outsourcing, contract management, e-procurement, and ethics. The training will lead to certification that will set minimum standards for purchasing specialists in the United Nations system.

9. IAPSO is outsourcing its training curriculum. While this curriculum can be used by United Nations staff, its main purpose is to support public procurement and capacity-building in developing countries. This is therefore complementary to the IAPWG Common Procurement Training initiative, which focuses on increased skills and training for United Nations staff.

10. The report recommends the further development of the existing common procurement guidelines of IAPSO into a generic system-wide policy and procedures manual. UNICEF agrees that there is a need for greater harmonization. Several agencies have common manuals, and UNICEF is interested in working with those agencies to compile a joint procurement and procedures manual. The CEB additionally emphasizes that procurement manuals should be based on common system-wide guidelines that could be supplemented with agency-specific statutory elements.

11. On the recommendations of the report concerning the IAPWG, UNICEF notes that IAPWG is already directly linked to the High Level Committee on Management (HLCM), with its first report made in 2003. If further coordination is needed, this can be brought to the IAPWG for consideration. The CEB members also stress the importance of retaining the informal nature of networking to continue the free flow of ideas between the relevant actors of IAPWG and the procurement practitioners.

12. The JIU report recommends a detailed review of the feasibility and efficiency benefits of such measures as the further strengthening of procurement reform at headquarters by establishing a central procurement facility at headquarters. UNICEF finds that merging procurement services of various agencies into a single procurement facility is not feasible. There is currently insufficient evidence to show that this would offer increased efficiency and effectiveness, and much more detailed analysis is needed. The proposal does not take into sufficient consideration the diversity of mandates among the agencies, or the range of products that different agencies procure to meet different needs. As mentioned in the report, unhealthy centralization may lead to the channelling of purchasing through a relatively small number of suppliers. This in turn may reduce the opportunities for manufacturers from the developing countries to sell their products to the United Nations. In addition, the CEB members believe that the current modality of consortium buying

and/or the lead agency approach is capable of achieving the same results and benefits as those of a central procurement facility.

13. As an alternative, UNICEF warmly supports the lead agency concept as noted above (paragraph 6). This would be similar to the procurement currently done with IAPSO on vehicles, with the World Health Organization (WHO) on HIV test kits, and with the Office of the United Nations High Commissioner for Refugees and WFP on telecom equipment. At the same time, UNICEF supports the harmonization of quality assurance of goods, supplier registration and evaluation, which was not sufficiently covered in the report.

14. UNICEF agrees with the issue of electronic procurement and notes that the best benchmark for measuring progress would be other public procurement organizations that have been successfully implementing e-procurement. Specific future recommendations will have significant financial implications. The members of the CEB concur and additionally note that several members are already pursuing electronic procurement.

15. UNICEF concurs with the recommendation of the report on building capacity in public procurement agencies in recipient countries. UNICEF has initiated measures in the sphere of capacity-building with its counterparts.

16. In addition to these comments on the recommendations of the report, on the issue of procurement volume, the comparison appears to be too linear. The report did not consider the wider range and diversity of products that UNICEF procures in support of its programmes, nor the range of other customers requiring multiple and varied technical specifications. There are other ways in which UNICEF procurement is not comparable with other agencies' portfolios. For example, some agencies included procurement through national execution. For full comparability, UNICEF would then need to include the portion of Cash Assistance to Governments used to procure goods.

B. "Harmonization of the conditions of travel throughout the United Nations system" (JIU/REP/2004/10)

17. Travel policies among the organizations of the United Nations system vary, and disparities exist in areas such as entitlements for class of air travel and lump-sum options, among others. The objective of this report was to conduct a comparative analysis of various elements of travel for officials travelling at the expense of the United Nations, and to propose measures for harmonizing travel policies and practices throughout the organizations of the United Nations system.

18. The JIU report recommends that the General Assembly mandate the Secretary-General to review, within the framework of the CEB, the criteria used to determine the class of travel of staff members, with a view to adopting a common policy, particularly regarding the minimum travel time for entitlement to business class. Several of the factors to be taken into account include the changes in the travel industry and the deterioration of travel conditions, increases in travel time due to tightened security, and the opinion of the United Nations Medical Service on the health risks of travel. UNICEF concurs with this recommendation and holds that a sensible, healthful solution would be to reduce the minimum travel time required for business class to six hours throughout the organization.

19. With respect to the recommendation of the report to discontinue the provision requiring evidence of travel under the lump sum option, and instead requiring self-certification, along with an adequate audit process, UNICEF does not agree and finds that implementing this recommendation would make it impossible to reconcile accounts and entitlements.

20. The report recommends that organizations introduce the payment of full advance of subsistence and/or terminal expenses if not already done, in order to reduce the workload for processing travel claims. UNICEF concurs with this recommendation, provided that IT systems can be implemented to reconcile claim submission.

21. UNICEF agrees with the recommendations of the report dealing with the discontinuation of the practice of reporting exceptions to the approved class of travel; with the use of alternative modes of travel where cost-effective; with the introduction of regulation of the use of rented cars; with the streamlining of procedures for travel by private car; with changes in the thresholds for granting stopovers; with the adoption of procedures based on best practices for travel; and with the recommendation that the General Assembly request the Secretary-General to initiative a review of the standards of travel and entitlements with a view to harmonizing these standards across the United Nations system.

C. "Some measures to improve the overall performance of the United Nations system at the country level" (JIU/REP/2005/2)

22. In general, the report provides a useful synopsis of the history of United Nations reform. Many of the recommendations are useful and appropriate. UNICEF is committed to and looks forward to continued acceleration along the lines of what is set out in the General Assembly resolution 59/250 of 22 December 2004 on the Triennial Comprehensive Policy Review (TCPR) of operational activities for development of the United Nations system, and what is stipulated in the Outcome Document of the 2005 World Summit.

23. The report acknowledges the progress that has been made and includes recommendations on several issues, such as partnerships, programme outcomes, staff mobility, training and rationalizing field presence, that are already being implemented. Other recommendations may need to take additional account of existing structures for coordination and collaboration. United Nations reform is increasingly being seen as a series of interlinked policy, programme and operational actions, and any additional measures should link clearly to ongoing initiatives. Other recommendations deserve further consideration for the contributions they can make to the process of United Nations reform.

Recommendations for which progress is under way

24. Fostering a culture of partnership for improved analysis, planning, programme implementation and results at country level is under way, especially through the work of the UNDG Programme Group, which is looking at ways to improve the quality of the United Nations Development Assistance Framework (UNDAF). The

quality of the UNDAFs (and Common Country Assessments (CCAs), where they are being undertaken) is overseen by the Regional Directors of the agencies working in each country, and the leadership for this quality assurance is coordinated on a rotational basis by one of the agencies. Coherence with national development plans or the poverty reduction strategy (PRS) in each country is a key issue in this quality assurance. Moreover, through the Programme Group, the UNDG is considering how the United Nations can provide more consistent and strategic support to national analytical processes than the current periodic CCA. Furthermore, the UNDG, through the work of the Programme Group, is fully committed to ensuring full cooperation with the Organisation for Economic Co-operation and Development (OECD)/Development Assistance Committee (DAC) Paris Declaration on Aid Effectiveness and to ensuring that there is no impediment to implementation.

25. UNICEF fully agrees that the Resident Coordinator should ensure active collaboration with all UNDG member agencies, including those not represented on the United Nations Country Teams (UNCTs). UNICEF Regional Directors, as active members in the process of quality assurance for the preparation by UNCTs of the CCAs and UNDAFs, are actively soliciting comments from non-resident agencies, at the country and regional levels, and are developing stronger cooperation with the Regional Commissions to ensure their substantive participation in this process.

26. UNICEF supports the United Nations System Staff College (UNSSC) in its systematic provision of common training in the newly harmonized country programming process, including for CCA and UNDAF preparation, as well as in the area of emergency preparedness. UNICEF also finds that the UNSSC plans to launch a senior management network will also make better use of the Staff College. A review of the accountabilities of UNSSC, and changes in its leadership, are under way. UNICEF finds that with these changes it will be possible to proceed further with the recommended joint initiatives in areas such as analysis, programming and implementation and also simplification, harmonization and alignment.

27. During the last several years, the issue of mobility, especially inter-agency mobility, has been discussed in a number of inter-agency bodies and working groups. Recently, a working group, in which UNICEF actively participated, has adopted the Inter-Agency Mobility Accord. This accord, if approved by CEB/HLCM, will replace the current inter-agency agreement for loans, transfers and secondments. With this accord, the organizations are recognizing that mobility is critical for strengthening the cohesiveness as well as effectiveness of the United Nations system's response to global challenges and for building a competent, versatile, multi-skilled and experienced international civil service. The accord presents a framework rooted in the desired principles of greater harmonization, precision and flexibility, and engenders responsiveness to the diverse needs and requirements of United Nations common system organizations and their respective staff members. The accord process is facilitating open dialogue and consultations among all parties concerned. UNICEF has also been actively involved, along with other common system organizations, in the establishment of Local Expatriate Spouses Associations (LESAs) in field duty stations. With these LESAs, UNICEF hopes to strengthen its ability to recruit, reassign, and especially retain, the best-qualified individuals, particularly women, through tackling issues related to employment opportunities for United Nations expatriate spouses.

28. The International Civil Service Commission (ICSC) established a working group, in which UNICEF actively participated, to develop various options for compensating staff for service in hardship duty stations and for encouraging mobility. The Working Group, in its report to the ICSC, noted the difficulties reported by organizations with regard to reassigning senior staff to the field, in particular those who had already completed several assignments. The current scheme did not provide additional compensation for assignments beyond the fifth move. The Working Group, therefore, considered the establishment of groupings that would allow for the provision of incentives for mobility beyond the fifth assignment. The Working Group proposed that incentives be paid in groupings of two to three, four to six and seven moves or more. The Commission, at its recently concluded sixty-first session, adopted the proposal of the Working Group, which will now be presented to the General Assembly for adoption. UNICEF fully supports amendments made to the current mobility and hardship scheme.

29. The report notes that the Executive Heads of UNDG organizations should explore the feasibility of further delegating authority to their field representation and of improving simplification and harmonization within the system in such areas as the authority to commit and spend programme-related budgets, the engagement in joint initiatives and convergence on a common methodology for calculating indirect costs. UNICEF agrees with this and agrees that the JIU and UNDG Executive Committee agencies are leading in this area. UNICEF has found that the delegation of authority to the Country Representative has made it possible for country programmes to respond more rapidly and flexibly to emerging needs at the country level. Further, the issue of investigating ways to ensure a common methodology for calculating indirect costs is on the work plan for the UNDG.

30. Governing bodies of UNDG organizations should task the respective Executive Heads to examine ways to further strengthen their collaboration and integration at field level, among other ways, through the establishment of joint offices aimed at enhancing the United Nations effectiveness at country level while also reducing the burden of transaction costs on the recipient Government in the long term. UNICEF is encouraging its offices to participate in and provide leadership to common services as a way to save administrative costs at the field level. This has already shown results in several countries. Additionally, UNICEF is engaging in discussion with the other operational partners and agencies in Southern Africa to effectively align programmes in that sub-region's operations to deal with the triple threat of AIDS, food insecurity and lack of good governance. UNICEF and the other Executive Committee agencies are bringing both the operational and programmatic benefits of a more rational field presence to the establishment of the first joint United Nations office in Cape Verde.

31. UNICEF has worked closely with the reform process shepherded by OECD/DAC and, along with the other UNDG agency heads, has approved the UNDG Action Plan for the follow-up to the Paris Declaration on Aid Effectiveness. UNICEF has determined that no changes in its financial rules and regulations are needed in order for UNICEF to work within the OECD/DAC harmonization agenda, including participation in sector-wide approaches and other capacity-building measures. The UNDG chair has sent a communication on the OECD/DAC process to UNCTs communicating this Action Plan, urging the Resident Coordinators and UNCTs to take specific action on this. A significant step for the UNDG Executive Committee agencies in supporting the Paris agenda is the introduction of

harmonized cash transfer procedures to the implementing partners. These procedures will reduce transaction costs as well as provide a basis on which to support the development of national capacities in financial management, a key element of the Paris agenda.

32. UNICEF is participating actively in a collaborative process to strengthen the Resident Coordinator system, through the UNDG. This includes accelerated improvements in the selection process and greatly enhanced support for Resident Coordinators. Also in line with the TCPR recommendation, UNICEF and the other Executive Committee agencies are forging an agreement on common responsibilities and authorities for the Resident Coordinator. This will be accompanied by agreements on procedures for a common assessment of the performance of Resident Coordinators by all members of the UNCTs, which will help to ensure that Resident Coordinators exercise oversight of the design and implementation of the UNDAF in a fully participatory manner.

33. UNICEF welcomes the monitoring of progress on operational activities and finds that the HLCM task forces, the UNDG Management and Programme Groups, as well as United Nations Development Group Office work plan, are enabling such monitoring on an ongoing basis. It would be most useful to further develop the terms of reference for the recommended task force to clarify its role and added value.

34. UNICEF finds that the sharing of information on the United Nations system at the field level is of utmost importance and notes that in-country websites are already under way in many countries. UNICEF is actively participating in this area. However, it is not clear whether a General Assembly request is needed. In addition, clarity needs to be provided regarding who will be custodian of the information and what will be its governance, source, content, accuracy, validity and maintenance.

Recommendations for which the UNDG is making progress through existing mechanisms

35. As the United Nations agencies working at the field level are represented within the UNDG, it should be noted that the UNDAF already makes it possible for the Country Team to prepare an agreed, coordinated implementation plan. This process will be greatly enhanced as increased authority and accountability for the UNDAF and its implementation are invested in the Resident Coordinator. UNICEF is contributing actively to the process of simplification of the programming process through leadership in the UNDG Programme Group and its task forces.

36. UNICEF individually, and with the other field-based agencies through the UNDG, has issued a number of statements on the UNDAF, on common services, and on other mechanisms to enhance cooperation, collaboration and coordination. UNICEF is undertaking special efforts to encourage greater awareness of and commitment to, United Nations reform through a regular multi-media newsletter and web site, which will highlight and promote best practices.

37. While the report rightly notes that not all the communications calling for cooperation are taken up as assiduously as needed by the field, it seems that more active communication, and clear internal communication policies, from all UNDG

members, not just the Executive Committee, will however be the most useful strategy for enhancing such collaboration.

38. UNDG, which represents the agencies with programmes in the field, is actively considering the shape of, and participation in, joint offices beyond the current pilot in Cape Verde.

39. UNICEF and the other UNDG Executive Committee members are actively engaged in preparing suggestions for Resident Coordinator selection and support. These would include suggestions that the Resident Coordinator support Funds and Programmes to mobilize resources against the UNDAF results matrix, mobilize funds for joint programmes, and advocate on behalf of the UNCTs, while agency representatives continue to be responsible for individual agency interests, resources and staff (including resource mobilization).

40. UNICEF finds that several recommendations in the report would extend the progress that has been made and merit further discussion. These include the following three recommendations: First, that the General Assembly should request the Secretary-General to provide on the United Nations website a full inventory of all the reform proposals of the United Nations system made to date. This could be part of the United Nations Intellectual History Project. Second, that the Executive Heads of UNDG should report annually to their governing bodies on progress made in advancing the simplification, harmonization and alignment agenda. This is already being done by the Executive Committee agencies. Third, that the governing bodies of UNDG organizations should invite the respective Executive Heads to undertake a review of the grade structure and skills profile of their field representatives and other staff, and report thereon also to the General Assembly and the Economic and Social Council.

D. "Policies of United Nations system organizations towards the use of open source software (OSS) in the secretariats" (JIU/REP/2005/3)

41. The JIU report aims to raise awareness of the increasing use of OSS by public administrations worldwide and to highlight some of the requirements that United Nations system organizations would need to adopt in order to make more use of OSS, as indicated in the new system-wide information and communication technology (ICT) strategy of the United Nations.

42. The present ICT solutions are based on a well-defined ICT strategy, clearly articulated in 1997 and presented to the UNICEF Executive Board in 1999 (E/ICEF/1999/AB/L.6). This strategy is being executed and has evolved since 1997. Important yet rational investments have been made to assure that infrastructure remains viable, stable, reliable and cost effective and that it provides a consistent and adequate response to organizational needs. UNICEF acknowledges the continuous changing environment and the need to adapt ICT solutions to evolving business needs, technological advancements and changes in the overall organizational context, including reform of the United Nations system. Increasingly, ICT initiatives have to rationalize the use of resources across different organizations in the United Nations family, and it is pivotally important to assure that such

solutions, directly or indirectly, support work to achieve the Millennium Development Goals.

43. Making information available through inter-operability standards that do not require purchase of software by the user of the information is perfectly viable and is in line with UNICEF practices. As an example, the organization has adopted HTML and PDF formats and XML and text files for data transfers. UNICEF has an initiative in place to assure that all applications, within reasonable parameters, can produce data in such inter-operability enabling formats.

44. The use of OSS is one of several initiatives that would potentially bring cost reductions in selected areas. UNICEF agrees that, in the light of a jointly-developed United Nations Interoperability Framework, OSS alternatives should be considered as a component linked to in-house bespoke initiatives and proprietary vendor solutions, so long as the final outcome is based on a cost-benefit analysis that includes the comprehensive, or total, cost of ownership (TCO), using the methodology in place for selection of hardware, software and ICT services. UNICEF has established a model for the development of "business cases" which takes these elements into consideration. In some of the initiatives such as ERPs, the cost of software is typically a rather small portion of overall cost of implementation. Viewed in the context of TCO over the period of the life cycle of the services (which is typically 10 to 15 years), the consideration would always be "business benefits, continuity and sustainability" of the operational or mission-critical applications.

45. On the issue of freely sharing software within the United Nations system and with Member States, UNICEF already has an initiative in the form of DevInfo, a database system which contains Millennium Development Goals indicators, time periods and geographic areas organized to monitor global and national commitments to sustained human development. This system is already in use by 183 member states, local governments and several United Nations organizations with more than 500 installations. In some instances, it will be necessary to devise a form of cost-sharing mechanism to assure the sustainability of the software.

46. UNICEF has already shared an inventory of ICT solutions through the inter-agency process and is concerned that there is currently no United Nations family-wide mechanism in place to compile and maintain this information on a consistent basis. The establishment of such a mechanism should be accompanied by appropriate funding to assure necessary infrastructure, procedures and staff to sustain this initiative.

47. UNICEF is continuously reviewing four-year Office Management Plans as well as its ICT strategy to make sure it is in line with organizational needs. Aligning ICT strategies across the United Nations system is a significant endeavour that will also require major additional resources and governance.

48. It is important to set priorities for different elements in any shared ICT strategy. OSS is one of the elements, but by far not the most critical, and it is important to ensure that the elements of such a strategy are well balanced. There are several areas, such as a shared global telecommunications network and infrastructure, that are far more critical and have a greater potential to further reduce costs and streamline the United Nations system.

E. "A common payroll for the United Nations system organizations" (JIU/REP/2005/4)

49. This JIU report addresses significant financial savings that would accrue to United Nations organizations and to Member States should they agree on establishing a common payroll. The report examines payroll service delivery in different organizations in order to ascertain major obstacles and to develop recommendations for future improvement of payroll systems and processes. UNICEF thanks the inspectors for a thorough and detailed report on common payroll for United Nations organizations. UNICEF is pleased to note that many of its observations to the draft report have been incorporated in the final report.

50. UNICEF concurs with the recommendations contained in the report, yet has comments on its specifics. UNICEF also concurs with the report that rules, regulations, and business processes related to payroll and allowances should be streamlined and harmonized. Along these lines, an SAP "common layer solution for Human Resources and Payroll", developed by UNICEF jointly with the software company SAP A.G., successfully went live on 4 April 2005. This solution was completed on time and within budgets. The system migration from Integrated Management Information System (IMIS) was smooth, and payroll is now being successfully processed. The scope of the implementation covers all International staff and General Service staff in New York, Copenhagen, Geneva, Brussels and Huningue, France.

51. A number of agencies have expressed interest in the solution developed by UNICEF: in fact, UNICEF conducted a two-day workshop on the SAP-HR solution at the end of June under the auspices of SAP-SIG (the SAP substantive interest group, chaired by UNICEF). Since then, several agencies have formally decided to implement the SAP-HR solution pioneered by UNICEF, therefore de facto endorsing the JIU-recommended lead agency concept.

52. UNICEF concurs with JIU that a common payroll system is technically feasible, provided that the organizations within the United Nations system harmonize and standardize the "organization-unique" interpretation of common rules and regulations. We concur that the General Assembly should endorse the development of a common payroll system as a first step towards a common Enterprise Resource Planning (ERP) for the United Nations system as a whole. The payroll system may be used as one of the "drivers" for development of a common ERP solution for the United Nations family. However, the core financial systems must be considered as equally or even more important than human resources in the final outcome of one single solution, and payroll is highly integrated with the financial systems as well as "e-recruitment". Any future common system ought to take into account the experiences of the various models and the needs of all organizations affected — especially in potentially integrating the data back into their ERPs.

53. UNICEF agrees that reducing the number of payroll systems is the first step towards a common payroll system. Additionally, UNICEF finds the long-term goal (the time span of which is defined by JIU as 7-10 years) of two ERPs for the entire United Nations family as worthy. This would reduce the risk of reliance on only one vendor and would provide some competitiveness.

54. The "leader" agencies should assist the agencies with legacy systems by providing them with services such as hosting, by assisting with the development of solutions, or by fully operating payroll for them. In order for by this to function successfully, additional clarity will be needed on several issues linked to practice and governance: (a) the mandate of the "leader" organizations, including how this role would fit with their own work priorities, mandates, and staffing levels; (b) the roles that leaders are authorized to play in streamlining, simplifying and enforcing rules and regulations so that the common system is based on common business practices; and (c) the incentives for leader agencies.

55. UNICEF concurs that "leader" organizations should be established but notes that the leader organization should be able to demonstrate deep knowledge of business processes in addition to demonstrated IT competencies and skills.

56. UNICEF is ready to take this role for the SAP stream of ERPs. This is based on the proven track record of UNICEF in ERP, IT systems and IT services implementations.

57. In that context, UNICEF has already been designated by SAP as the lead agency to maintain and enhance the ERP solution for human resources, payroll, and grants.

58. In the views of UNICEF, off-shoring will not be an effective mechanism for the volume of transaction processing needed for each organization unless the scale and volume is increased significantly by combining payroll processing for many organizations into a single entity.

III. Ongoing/forthcoming reports of the Joint Inspection Unit of interest to UNICEF

59. UNICEF looks forward to presenting its comments, as appropriate, on some or all of the reviews and reports currently scheduled for completion in the next year, and those having potential relevance to the work of UNICEF, at the first regular session of the Executive Board in 2006.

60. UNICEF has taken note of the preliminary listing of potential reports for 2006 and beyond, with the following expected to have relevance for UNICEF:

(a) Oversight lacunae;

(b) The role of the United Nations system in disaster reduction and response;

(c) Report on medical coverage;

(d) Voluntary contributions from Member States;

(e) Second review of headquarters agreements focusing on the provision of headquarters premises and other facilities by host countries.